

STANDARD NON-REVERSIONARY GROUND LEASE AGREEMENT

HEBER CITY AIRPORT

LESSOR: HEBER CITY CORPORATION

LESSEE: _____

DATED: _____

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STANDARD NON-REVERSIONARY GROUND LEASE AGREEMENT

LEASE AGREEMENT (“Agreement”) made this _____ day of _____, 20____ between HEBER CITY CORPORATION, herein called City, Lessor or Heber City, and _____, herein called Lessee, together with the City called Parties and each a Party.

RECITALS

- A. Heber City owns and operates the HEBER CITY AIRPORT located in Wasatch County, State of Utah, herein called Airport.
- B. Lessee desires to lease a parcel of land on the Airport premises for the purpose of erecting and/or maintaining an existing aircraft hangar owned by Lessee for the storage of aircraft.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained, herein, the parties agree as follows:

I. PREMISES.

The City hereby leases to Lessee the Premises/Parcel of land only which is known as _____ at the Heber City Airport, Wasatch County Utah more fully described on Exhibit "A" attached and made part hereof.

II. TERM.

- A. Subject to the most current airport rules and regulations, minimum standards, and any and all federal rules, regulations, directives, guidelines or other obligations with respect to the Airport, including but not limited to the “grant assurances” to the FAA, and all other provisions of this Agreement regarding termination reserved herein, the term of this lease shall commence on the ____ day of _____, 20__ and end on the ____ day of _____

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_____, 20____, a duration of twenty (20) years, hereinafter the "Initial Term," unless sooner terminated in accordance with the provisions hereof.

B. Subject to the conditions set forth herein, Lessee shall have the option to extend the term of this Agreement for two (2) additional periods of five (5) years each, hereinafter called the "Extended Terms," provided Lessee is not in default in the payment of any rent or in default in any other provisions of this Agreement, is in good standing at the Airport, and submits a current certificate from a Certified Building Inspector to the Airport Manager that the hangar is projected to be structurally sound during either of the Extended Terms, at the time of its exercise of any such option. With the exception of rentals due, the terms and conditions applicable during the Initial Term of this Agreement shall remain applicable during any Extended Term. The rent escalation shall continue throughout the Initial Term and any Extended Term as provided.

C. The City desires to offer Lessee an opportunity to enter into a new lease for the Leased Premises on the terms set forth in this Agreement upon the expiration of the last of the two (2) Extended Terms described in Section II.B. above, should they be exercised by Lessee. If Lessee desires to continue occupying the Leased Premises after the expiration of the two (2) Extended Terms, Lessee may request that the City grants a new lease agreement. Such a request shall be made by Lessee in writing and delivered to the City not earlier than three hundred sixty-five (365) days and not later than one hundred twenty (120) days prior to the expiration of the last Extended Term, (i) If Lessee is not then in default under any provision of this Agreement; (ii) If the Lessee is compliant with all of the most current airport rules and regulations, minimum standards, and any and all federal rules, regulations, directives, guidelines or other obligations with respect to the Airport, including but not limited to the "grant assurances" to the FAA, (iii) If the City certifies the conditions of the lease have been met; (iv) If Lessee submits a current certificate from a Certified Building Inspector to the Airport Manager that the hangar is structurally sound and is projected to be sound for the foreseeable future; (v) If such a new lease

is consistent with the then current Airport Layout Plan (ALP) and any and all federal rules, regulations, directives, guidelines or other obligations with respect to the Airport, including but not limited to the “grant assurances” to the FAA; (vi) If Lessee pays a 1% transaction fee based upon the current assessor’s valuation; and (vii) the City agrees to offer to lease the Leased Premises to hangar tenants or an association of hangar tenants, then the City will offer Lessee a new lease of the Leased Premises, including such conditions, rental rates and duration of the lease term as the then-current standard lease form being offered by the City. The City shall have no obligation to negotiate, re-negotiate, or be required to offer any other version of a new lease to Lessee other than the terms of the then-current standard lease form being offered by the City available at the time of offering of a new lease.

D. The City in its sole discretion can change its standard form lease at any time, except during the processing of an application for a new lease, extended lease, sale of lease, or first right of refusal to purchase a hanger.

III. FIRST RIGHT OF REFUSAL TO EXTEND LEASE.

Lessee shall have the first right of refusal to extend this lease agreement after the Initial Term and after Extended Terms on the condition that Lessee is not in default hereunder at the time of such extension and provided each of the two Extended Terms does not exceed five (5) years. The two (2) Extended Terms shall be granted at the expiration of the Initial Term and the first Extended Term provided the Lessee is not in default and Lessee has not opted out of the extension. Lessee may opt out of either of the two (2) Extended Terms upon providing a minimum of thirty (30) days written notice to the Lessor prior to the expiration of the Initial Term or First Extended Term. The terms and conditions contained herein shall govern any extension of this lease.

III. LEASEE’S RIGHT TO REMOVE IMPROVEMENTS.

Upon the termination of this lease, Lessee shall have the right to remove any

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improvements erected on the premises. Lessee, upon removal of any improvements shall restore the land to as good condition as it was in prior to the erection of any improvements thereon. Lessee hereby agrees that removal of any and all improvements shall be completed on or before sixty (60) days after termination of this lease. Lessee hereby consents and agrees that any improvements remaining on the premises after the sixty (60) day removal period shall at the option of the City be deemed abandoned and owned by the City without any claim or right whatsoever by Lessee.

IV. LEASE FEES AND CHARGES, RENTALS

Subject to change of lease rates as hereinafter provided, the Lessee agrees to pay the City for the use of the premises, facilities, rights, services and privileges granted herein, the following rental, payable to Heber City.

A. Rental for the above-described parcel is \$_____ per square foot for entire lease footprint, based upon the current fair market rate as listed in the Heber City Consolidated Fee Schedule

| Parcel | Area | Rate |
|--------|----------------|---------------------|
| _____ | _____ sq. feet | _____¢ per sq. foot |

B. The rent of the above described land for each following year of the agreement shall be \$_____, and is due and payable to Heber City Corporation, within 30 days of the billing date of each calendar year of the Agreement.

C. Rents provided for herein are subject to an annual change per the Consumer Price Index (C.P.I.).

D. All payments due the City under this Lease, including rent, that are not paid on or before thirty (30) days from the due date shall incur a late fee of ten (10%) percent for each 90 days or portions thereof that the amount remains delinquent.

E. All payments due the City under this Lease shall be delivered to the Heber City

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Airport Manager c/o the Heber City Treasurer, 75 North Main Street, Heber City, Utah 84032 or as otherwise directed in writing by the City.

V. USE OF PREMISES.

The leased premises and any and all improvements located thereupon shall be used solely for conducting the following activities and shall not be used as overnight sleeping quarters:

A. Storage of aviation related equipment

B. Non-aviation storage as an incidental use on the condition the space is principally used for aviation purposes.

C. Lessee acknowledges that the premises may not be used for commercial purposes or as a fixed-base operator without Lessee meeting, complying with and obtaining approval for the minimum standards as may exist at that time for such operation. Further, Lessee agrees to maintain the storage in this area in neat condition.

VI. CONSTRUCTION – IMPROVEMENTS.

Lessee may make improvements on the premises, subject to the Airport Standards, local, state or federal rules or standards, or applicable building codes, as approved by the Airport Manager. Lessee, at Lessee's own expense, shall construct and maintain a paved aircraft ramp area on the Leased Premises (the "Ramp."). The Ramp must be designed and built to specifications, and for a minimum weight bearing capacity, established by the City, built to the full width of the Leased Premises, and to connect with adjacent taxiway, ramp and/or auto parking areas, in order that a continuous and safe pavement section results. If access to the Leased Premises is not available on existing taxiways and/or roadways, then Lessee may also be required to construct the same. It is the responsibility of Lessee to maintain the entire Ramp area, and all other pavement areas on the Leased Premises, in a manner, which is safe and clean of debris so as not to cause danger or unsafe conditions for taxiing aircraft and Airport users.

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Notwithstanding the foregoing, the City shall be responsible for snow removal on the aircraft Ramp area excluding any parking and side lots and excluding any area within six (6) feet of any Hangar; provided, however, that priority of snow removal shall be in accordance with the City's Snow Removal Plan as it now exists or as it may be amended in the City's sole discretion.

Lessee grants to users of the Airport the right to use aircraft Ramp areas on the Leased Premises from time to time for passage of aircraft on and near the adjacent taxiway. The construction time and default provisions of this Agreement shall be applicable to the Ramp described in this section.

VII. OBLIGATIONS OF LESSEE.

A. Lessee agrees to notify the airport manager, in writing, within ten (10) days of its basing, of the registration number of the aircraft and the person(s) responsible for it, including off hours emergency phone numbers, for all aircraft stored on the leased premises.

B. Lessee shall be solely responsible for all costs or charges for utility services required by the Lessee during the term of this Lease.

C. Lessee agrees to maintain the demised premises including the interior of the hangar in a neat, orderly and safe condition, and free from waste, rubbish, snow or other hazards and nuisances throughout the term of this Lease. Lessee shall not store or let stand any equipment or property belonging to the Lessee or under the Lessee's custody, outside the boundaries of the leased areas without prior consent of the City, except when such equipment or property is in the process of being loaded or unloaded. Should the Lessee fail to repair and maintain the leased premises in proper condition, the City shall so notify the Lessee in writing. If the Lessee then fails to make such repair or maintenance within thirty (30) days after the notice has been sent, the City may cause such repair or maintenance service to be made. Any required determinations or approvals involving the airport shall be made by the Airport Manager. Lessee agrees to pay all City's costs incurred thereby and reimburse the City therefore on

demand. If said costs and expenses are not paid within thirty (30) days after demand, this Lease shall be deemed to be in default and the City shall be entitled to all legal remedies provided hereunder, including termination of this Lease. Payments will be made to the Heber City Treasurer.

C. Lessee shall exercise due and reasonable caution to prevent fire, accidents, hazards or nuisances on the premises. Should the Lessee fail to remove or abate said hazard or nuisance after being notified to do so, the City may abate said hazard or nuisance and charge the cost thereof to the Lessee as provided in Section C above.

D. Lessee agrees at its own expense to cause the premises and improvements and appurtenances thereto to be maintained in a presentable condition consistent with good maintenance practices. This shall include, although not be limited to, the obligations of the Lessee to maintain the premises in a clean, neat and orderly condition at all times, and to perform the necessary mowing, weed control and snow removal on the premises during the appropriate periods of the year. The Airport will assist in snow removal when capability and priority permit.

E. Lessee shall not erect, install, or cause to permit to be erected, installed or operated upon the premises herein any sign or advertising device without first having obtained the City's written consent thereto. If the City consents it may set forth the size, construction, location and general appearance of any such permitted sign or device.

F. Lessee shall not have the right to sell or distribute any parts, fuels, oils, or similar products upon leased premises or upon airport pursuant to this Lease without an applicable Commercial Operator Agreement.

G. Lessee agrees to keep the leased premises free of any mechanic's or materialmen's liens or other lien of any kind or nature for any work done, labor performed or material furnished thereon at instance or occasion of the Lessee and the Lessee further agrees to indemnify and hold the City harmless from and against any and all claims, demands, costs and expenses of any

nature whatsoever from any such work done, labor performed or materials furnished.

H. Lessee shall obey all applicable rules, regulations, ordinances and laws that may be from time to time promulgated by the City, State and Federal Government or agency thereof.

I. Lessee agrees to cause to be removed from the premises at its own expense all waste, garbage and rubbish and agrees not to deposit same, except temporarily in connection with collection for removal in Airport designated locations, on any part of the premises or other property of the City constituting the Airport.

J. With respect to new construction the general design and appearance of the same must receive the written approval of the City.

VIII. LEASEHOLD MORTGAGES.

A. If Lessee shall execute a Leasehold Mortgage of its leasehold estate to an entity which is not directly or indirectly owned or controlled by, or is not under common ownership or control with Lessee (collectively, an "Unaffiliated Entity" hereafter), and if the holder of such Leasehold Mortgage shall provide the City with notice of such Leasehold Mortgage together with a true copy of such Leasehold Mortgage and the name and address of the Mortgagee, then following receipt of such notice by the City, the provisions of this Article shall apply in respect to such Leasehold Mortgage.

B. The term "Leasehold Mortgage" as used in this Agreement shall include, but not be limited to, a mortgage, a deed of trust, a deed to secure debt, or other security instrument by which Lessee's leasehold estate is mortgaged, conveyed, assigned, or otherwise transferred, to secure a debt or other obligation, in connection with the construction contemplated.

C. The City, upon providing Lessee any notice of default under this Agreement or termination of this Agreement, shall at the same time provide a copy of such notice to the Leasehold Mortgagee by first class U.S. mail at the address specified in the notice given pursuant to Article IX, Section A, above. Such Leasehold Mortgagee shall have the additional periods of

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time specified in Article IX, Section D hereof to remedy, commence remedying, or cause to be remedied the default or acts or omissions which are specified in any such notice. The City shall accept such performance by or at the instigation of such Leasehold Mortgagee as if the same had been done by Lessee.

D. Anything contained in this Agreement to the contrary notwithstanding, any unremedied default shall entitle the City to terminate this Agreement. If any default shall occur which entitles the City to terminate, the City shall have no right to terminate this Agreement unless, following the expiration of the period of time given Lessee to cure such default or the act or omission which gave rise to such default, the Leasehold Mortgagee is given an additional period of ninety (90) days to:

1. Notify the City of such Leasehold Mortgagee's desire to defeat such Termination Notice; and
2. Pay or cause to be paid all rent, additional rent, and other payments then due and in arrears as specified in the Termination Notice to such Leasehold Mortgagee and which may become due during such ninety (90) day period; and
3. Comply with due diligence and continuity, or in good faith commence to and with diligence continue to pursue compliance with all non-monetary requirements of this Agreement then in default.

E. The making of a Leasehold Mortgage shall not be deemed to constitute an assignment or transfer of this Agreement or of the leasehold estate hereby created, nor shall the Leasehold Mortgagee, as such, be deemed to be an assignee or transferee of this Agreement or of the leasehold estate hereby created so as to require such Leasehold Mortgagee, as such, to assume the performance of any of the terms, covenants or conditions of this Agreement. Any Leasehold Mortgagee who takes an instrument of assignment or transfer in lieu of the foreclosure of the Leasehold Mortgagee shall be deemed to be a permitted assignee or transferee, and shall

be deemed to have agreed to perform all of the terms, covenants and conditions on the part of Lessee to be performed hereunder from and after the date of such purchase and assignment, but only for so long as such purchaser or assignee is the owner of the leasehold estate. If the Leasehold Mortgagee or its designee shall become holder of the leasehold estate and if the Hangar and Improvements on the Leased Premises shall have been or become materially damaged on, before or after the date of such purchase and assignment, the Leasehold Mortgagee or its designee shall be obligated to repair, replace or reconstruct the building or other improvements.

IX. INDEMNIFICATION AND HOLD HARMLESS.

Lessee expressly agrees to defend, protect, indemnify and hold harmless the City, its officers, agents and employees free and harmless from and against any and all claims, demands, damages, expenses, losses or liability of any kind or nature whatsoever which the City, its officers, agents or employees may sustain or incur or which may be imposed upon them for injury to or death of persons or damages to property arising out of or resulting from the negligent acts or negligent omissions of the Lessee, its officers, agents, employees or guests in their use or misuse of the demised premises. Lessee agrees to defend at its own cost, expense and risk all claims or legal actions that may be instituted against either the Lessee or the City, which arise out of the negligent acts or omissions of the Lessee. Lessee agrees to pay any settlement entered into and satisfy any judgment that may be rendered against either the Lessee or the City as a result of any negligent injuries or damages which have resulted from or are connected with this Lease or the occupancy or use of the demised premises by the Lessee, or its officers, agents, employees or licensees, including reasonable attorney fees.

X. INSURANCE.

Concurrent with the execution of this Lease and as partial performance of the obligations assumed under paragraph X, (INDEMNIFICATION AND HOLD HARMLESS)

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hereof, the Lessee shall have from a reliable insurance company or companies authorized to do business in the State of Utah, liability insurance in such minimum amount as may be required by Heber City pursuant to reasonable exercise of its municipal powers.

The above insurance policy or policies shall contain an endorsement which provides that the Lessee is named insured as it pertains to said leasehold. Lessee shall provide the Airport Manager a copy of the policy endorsement naming Heber City as an additional insured under the policy each time the policy renews, and included with annual lease payment, or upon the City's request.

All insurance policies secured by the Lessee providing the coverages which affect the leasehold premises required under this Lease shall require each insurer to notify the City by registered or certified mail of any modification, termination or cancellation of any policy of insurance that affects the leasehold premises no less than thirty (30) days prior to the effective date of such modification, termination or cancellation. Notice by the insurer shall be effective upon the receipt of said notice by the City. In addition to any other requirements of this Lease, the Lessee shall notify the City of any modification which affects the leasehold premises, termination or cancellation of any policy of insurance secured by the Lessee pursuant to this paragraph as soon as the Lessee learns of any such modification, termination or cancellation. Each of said policies shall stipulate that the policy provided coverage is not subordinate to nor contributing with any other insurance coverage held or maintained by the City. The procuring of such policy or policies of insurance shall not be construed to be a limitation upon the Lessee's liability or a waiver of performance on the Lessee's part of the indemnification and hold harmless provisions of this Lease; and the Lessee understands and agrees that notwithstanding any policy or policies of insurance it remains the Lessee's obligation to protect, indemnify and hold harmless the City hereunder for the full and total amount of any damage, injuries, loss, expense, costs or liabilities caused by or in any manner connected with or attributed to the negligent acts

or omissions of the Lessee, its officers, agents, employees, licensees or the operations conducted by the Lessee, or the Lessee's use, misuse or neglect of the premises described herein.

XI. **PERMITS, LICENSES AND CERTIFICATES.**

Lessee shall obtain any and all permits, licenses and certificates which may be required in connection with the improvement and use of the demised premises and aircraft operations. Lessee shall comply with all applicable federal, state and local laws and regulations and the Lessee shall keep in effect any and all required licenses, permits, notices and certificates.

XII. **FIRST RIGHT OF REFUSAL OF SALE OF HANGAR**

A. First Right of Refusal for Sale of Hangar – If at any time, Lessee desires to sell or otherwise transfer its interest under this Agreement, including the Improvements existing on the Leased Premises, to a Buyer, and has obtained a bona fide offer for such sale, Lessee must first offer to sell or otherwise transfer such interest to the City, at the price and on the same terms as such bona fide offer, and the City shall have the right to purchase Lessee’s interest under such terms. Such offer must be in writing and provide a copy of the sales agreement showing all terms and conditions of the proposed sale. The City shall have the right for a period of twenty-one (21) days after receipt of the offer from Lessee to elect to purchase Lessee’s interest (such twenty-one [21] day period referred to as the “Election Period”). If the City does not desire to purchase Lessee’s interest, Lessee may then sell or otherwise transfer its interest in this Agreement to the person making the said offer, at the price and terms set forth in the offer, subject to the requirements of Article XIII. If Lessee fails to close such sale within one hundred twenty (120) days after the expiration of the Election Period, any proposed sale or other transfer thereafter shall again be subject to this Section. This right of the City shall be continuing and shall survive any sale or other transfer of Lessee’s interest under this Agreement. The intent of this Section is to require all of Lessee’s interests in this Agreement be sold or otherwise transferred intact, without fractionalization.

B. In the event that the Hangar is sold prior to the end of the Lease Term:

1. The City will not assign the remainder of this Lease to the Buyer, but will enter into a new lease between Heber City and the Buyer that is based upon such terms and conditions, including rental rates, of the then-current Airport standard lease form being offered by the City, provided:

a. Lessee/Seller is not in default in the payment of any rent or in any other provisions of this Agreement, is in good standing at the Airport, and submits a current certificate from a Certified Building Inspector to the Airport Manager that the hangar is structurally sound and is projected to be sound for the duration of the new lease.

b. The lease is consistent with the Airport's master plan then in effect and all federal rules, regulations, directives, and guidelines or other obligations with respect to the Airport, including but not limited to the "grant assurances" to the FAA.

2. A 3% transaction fee shall be paid to the City based upon the sales price or the current assessor's valuation, whichever is higher, at the time of the sale of the hangar prior to a new lease being issued.

XIII. SUBLEASING

A. Lessee may sublease all or any part of the premises upon prior written approval of the City which shall not be unreasonably withheld, providing Lessee and Sublessee are in good standing at the Airport and Sublessee abides by the conditions of this Lease and the Airport Minimum Standards and/or Rules and Regulations.

B. Sublessees will pay an annual access card fee to the Airport Manager, c/o the Heber City Treasurer, with the annual fee to be determined by the City's Consolidated Fee Schedule.

C. An owner of multiple hangars may be subject to additional requirements as set forth in the Airport Minimum Standards and/or Rules and Regulations.

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XIV. RIGHT OF ENTRY AND INSPECTION.

The City hereby reserves the right to enter into and upon the leased premises and any improvements thereon at all reasonable times and for all reasonable purposes without prior notice. The City or the airport manager or its or his designated representative shall have the right to exercise this right of inspection as specified in the Airport Rules and Regulations.

XV. RULES AND REGULATIONS.

The City shall have the right to adopt and enforce reasonable rules and regulations with respect to the use of the airport and the public terminal building and appurtenances, provided that such rules and regulations shall not be inconsistent with safety and with rules and regulations of the Federal Aviation Administration with respect to aircraft operations at the airport.

XVI. THE CITY'S RIGHT OF CANCELLATION.

In addition to all other remedies reserved by the City, this agreement, shall be subject to cancellation by the City should one or more of the following events occur:

A. If the Lessee fails to pay when due the whole or any part of the amounts agreed upon for rents and charges and such default continues for sixty (60) days after the City has demanded payment in writing.

B. If the Lessee fails to perform or keep and observe any of the covenants and conditions contained in this contract to be performed, kept and observed by Lessee, and Lessee fails to correct any breach hereof after sixty (60) days written notice from the City, the City shall have the right to declare this contract terminated. If the default constitutes a risk to the health or safety of others, then and in such event the City shall have the right to ameliorate the risk immediately. In the event of any default to any term of this Agreement by Lessee, Lessee hereby consents and agrees that any improvements, including

but not limited to the Hanger itself, remaining on the premises after the sixty (60) day removal period, described and referenced in Sections XVIII and XXII of this Agreement, shall at the option of the City be deemed abandoned and owned by the City without any claim or right whatsoever by Lessee.

C. The City reserves the right to terminate this Lease upon giving four month's written notice if the City has a need for the property for public purposes.

1. In the event that all or any portion of the Leased Premises is taken for any public or quasi-public purpose by any lawful power or authority by the exercise of the right of appropriation, condemnation or eminent domain, all lease fees and taxes payable hereunder with respect to that portion of the Leased Premises taken shall no longer be payable, and the Lessee shall be entitled to compensation for the fair market value of the leasehold interest and improvements according to the eminent domain appraisal process. If a portion of the Leased Premises is so taken, and as a result thereof, the remaining part cannot reasonably be used to continue the authorized uses set forth in Article VI. hereof; then this Agreement shall terminate at Lessee's election; Lessee's obligation to pay lease fees and taxes and perform the other conditions of the lease shall be deemed to have ceased as of the date of such taking, and the Lessee shall be entitled to compensation for the fair market value of the leasehold interest, and improvements according to the eminent domain appraisal process.

2. As an alternative to compensating the Lessee for the fair market value of the leasehold interest and improvements, the City may instead elect to provide the Lessee with another airport location with access to taxiways and runway, and pay the associated costs of relocating the hangar thereto.

2. The City may mitigate the displacement of tenants by providing up to one-year rent-free use of City apron tie-downs, if available, priority in renting City owned hangar space, if available, or priority in accessing existing and future hangar pads that may become available to construct a new hangar.

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XVII. LESSEE'S RIGHT OF CANCELLATION.

Lessee has the right to cancel this agreement without cause with a thirty (30) day written notice to the Airport Manager. Lessee shall have the right to remove any improvements on the premises. Upon removal of the improvements, Lessee shall restore the land to as good a condition as it was prior to the erection of any improvements thereon within sixty (60) days after the termination date of the Lease. Lessee hereby consents and agrees that any improvements remaining on the premises after the sixty (60) day removal period shall at the option of the City be deemed abandoned and owned by the City without any claim or right whatsoever by Lessee.

XVIII. DESTRUCTION OF PREMISES.

Should the improvements to the demised premises be damaged or destroyed in whole or in part, by fire, earthquake, acts of God, or any other casualty at any time during the term of this Lease so that the same cannot be repaired within ninety (90) days:

A. Lessee will notify the City in writing within ninety (90) days of the casualty whether Lessee will:

1. Restore and reconstruct the improvements within one (1) year from the date of the casualty to substantially the same condition the improvements were in immediately prior to the happening of such casualty, or

2. Terminate the Lease after restoring leasehold ground to substantially the same condition it was in prior to constructing the improvements, to be completed no later than ninety (90) days after notifying the City.

B. In no event shall the City be liable to the Lessee for any damages resulting to the Lessee from the happening of such fire or other casualty or from the repair or construction of the demised premises or from the termination of this Lease as herein provided, nor shall the Lessee be released thereby from any of its obligations hereunder except as expressly stated in this clause.

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XIX. COSTS OF SUSTAINING AN ACTION FOR BREACH OR DEFAULT.

In addition to other remedies available by local, state or federal laws, rules or regulations, in the event either the City or the Lessee commences legal action against the other claiming a breach or default of this Lease, the prevailing party in such litigation shall be entitled to recover from the other reasonable attorney fees and all costs connected with said litigation.

XX. PARTIAL INVALIDITY.

If any term, covenant, condition or provision of this Lease is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.

XXI. ABANDONMENT.

If the Lessee shall abandon or be dispossessed by process of law or otherwise, any hanger, or other improvement or personal property belonging to the Lessee and left on the premises after such abandonment or dispossession shall at the option of the City be deemed to have been transferred to the City; and the City shall have the right to remove and to dispose of the same without liability to account therefore to the Lessee or to any person claiming under the Lessee.

XXII. UNLAWFUL USE.

Lessee agrees that no improvement shall be erected, placed upon, operated or maintained on the demised premises, nor shall business be conducted or carried on therein in violation of the terms of this Lease or any applicable law, statute, ordinance, regulation, rule or order of any governmental agency having jurisdiction hereover.

XXIII. LEASE SUBORDINATE TO AGREEMENTS WITH U.S.A.

This Lease shall be subordinate to the provisions of any existing or future agreement between the City and the United States, relative to the operation or maintenance of the

Airport, the execution of which has been or may be required as a condition precedent to the expenditures of Federal funds for the development of the Airport.

XXIV. AIRPORT FACILITIES.

Lessee is hereby granted the nonexclusive right, in common with all present and future users, to the use of such of the City's Heber City Airport public facilities as are designated by the Airport Manager from time to time. As an incident to all the other uses provided for in this Lease, the Lessee, its employees, authorized representatives, invitees, permittees, licensees, customers and patrons shall have the right to use all public waiting rooms and public lavatories provided such use shall be in common with others and may be suspended during any period when maintenance, repairs or improvements are being made thereto.

XXV. BANKRUPTCY.

Should the Lessee make an assignment for the benefit of creditors or should a voluntary or involuntary petition of bankruptcy or for reorganization or any arrangement be filed by or against the Lessee, or if the Lessee should become bankrupt or insolvent or if a receiver be appointed at the request of the Lessee's creditors (except as a receiver appointed at the request of the City) such action shall constitute a breach of this Lease for which the City at its option, may terminate all rights of the Lessee or Lessee's successors in interest under this Lease.

XXVI. TAXES AND ASSESSMENTS.

Lessee shall pay before delinquency, all taxes, license fees, assessments and other charges which are levied and assessed against and upon the premises, fixtures, equipment or other property caused or suffered by the Lessee to be installed, located or placed upon the leased premises. The Lessee shall provide the Airport Manager with satisfactory evidence of these payments within fifteen (15) days from the Airport Manager's request. Lessee acknowledges that this Lease may create a possessory interest subject to property taxation and that the Lessee may be subject to the payment of property taxes levied on such interest. Lessee agrees to assume

and pay any such assessment.

XXVII. MISCELLANEOUS PROVISIONS.

A. Waiver of Exemption. Any constitutional or statutory exemption of Lessee of any property usually kept on the Leased Premises, from distress or forced sale, is waived.

B. Addresses. All fees payable and notice given under this Agreement to City shall be paid to the Heber City Airport Manager, c/o the Heber City Treasurer, 75 North Main Street, Heber City, Utah 84032, or such other place as City shall specify in writing. All notices given under this Agreement to Lessee shall be sent to:

Name _____

Address _____

City, State, Zip _____

For emergency purposes, the Lessee is also to provide the following contact information:

Primary Cell Phone Number _____

Secondary Telephone Number _____

Primary Email Address _____

Secondary Email Address _____

C. No Waiver. The waiver by City of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition or any subsequent breach of the same or any other term, covenant or condition herein contained. The subsequent acceptance of payments hereunder by City shall not be deemed to be a waiver of any preceding breach by Lessee of any term, covenant or condition of this Agreement, other than the failure of Lessee to pay the particular fee so accepted, regardless of

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City's knowledge of such preceding breach at the time of acceptance of such payment.

D. Lessee's Subordination. Lessee hereby subordinates and makes this Agreement inferior to all existing and future mortgages, trust indentures or other security interest of City or City's successor in interest. Lessee shall execute and deliver any documents required to evidence and perfect such subordination.

E. Additional Charges. Any charges against Lessee by City for services or for work done on the Leased Premises by order of Lessee or otherwise accruing under this Agreement shall be considered as Rent paid to the Airport Manager c/o the Heber City Treasurer within thirty (30) days after such charges are accrued.

F. Subordination to Grant Assurances. This Agreement shall be subordinate to the provisions of any existing or future agreements between City and the United States of America, relative to the operation and maintenance of the Airport, the terms and execution of which have been or may be required as a condition precedent to the expenditure or reimbursement to City of federal funds for the development of the Airport ("Grant Assurances"). In the event that this Agreement, either on its own terms or by any other reason, conflicts with or violates any such Grant Assurances, City has the right to amend, alter or otherwise modify the terms of this Agreement in order to resolve such conflict or violation without compromising or destroying any remaining portions of this Agreement, and such remaining provisions shall remain binding and in full effect upon the Parties as if no such amendment or alteration had occurred.

G. Non-Interference With Operation of the Airport. Lessee expressly agrees for itself, its successors and assigns that Lessee will not conduct operations in or on the Leased Premises in a manner that in the reasonable judgment of City, (i) interferes or might interfere with the reasonable use by others of common facilities at the Airport, (ii) hinders or might hinder police, fire fighting or other emergency personnel in the discharge of their duties, (iii) would or would be likely to constitute a hazardous condition at the Airport, (iv) would or would be likely

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to increase the premiums for insurance policies maintained by City unless such operations are not otherwise prohibited hereunder and Lessee pays the increase in insurance premiums occasioned by such operations, (v) is contrary to any applicable federal Grant Assurance; (vi) is in contradiction to any rule, regulation, directive or similar restriction issued by agencies having jurisdiction over the Airport including FAA, Homeland Security, Transportation Security Administration and Customs and Border Patrol, or (vii) would involve any illegal purposes. In the event this covenant is breached, City reserves the right, after prior written notice to Lessee, to enter upon the Leased Premises and cause the abatement of such interference at the expense of Lessee. In the event of a breach in Airport security caused by Lessee, resulting in fine or penalty to City of which Lessee has received prior written notice, such fine or penalty will be charged to Lessee.

H. Emergency Closures. During time of war or national emergency, City shall have the right to enter into an agreement with the United States Government for military or naval use of part or all of the landing area, the publicly-owned air navigation facilities and/or other areas or facilities of the Airport. If any such agreement is executed, the provisions of this Agreement, insofar as they are inconsistent with provisions of the agreement with the Government, will be suspended.

I. Interpretation.

1. References in the text of this Agreement to articles, sections or exhibits pertain to articles, sections or exhibits of this Agreement, unless otherwise specified.

2. The terms “hereby,” “herein,” “hereof,” “hereto,” “hereunder” and any similar terms used in this Agreement refer to this Agreement. The term “including” shall not be construed in a limiting nature, but shall be construed to mean “including, without limitation.”

3. Words importing persons shall include firms, associations, partnerships, trusts, corporations and other legal entities, including public bodies, as well as natural persons.

4. Any headings preceding the text of the articles and sections of this Agreement, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Agreement, nor shall they affect the meaning, construction or effect of this Agreement.

5. Words importing the singular shall include the plural and vice versa. Words of the masculine gender shall be deemed to include correlative words of the feminine and neuter genders.

6. "Days" is interpreted as calendar days.

J. Force Majeure. No act or event, whether foreseen or unforeseen, shall operate to excuse Lessee from the prompt payment of rent or any other amounts required to be paid under this Agreement. If City (or Lessee in connection with obligations other than payment obligations) is delayed or hindered in any performance under this Agreement by a force majeure event, such performance shall be excused to the extent so delayed or hindered during the time when such force majeure event is in effect, and such performance shall promptly occur or resume thereafter at the expense of the Party so delayed or hindered. A "force majeure event" is an act or event, whether foreseen or unforeseen, that prevents a Party in whole or in part from performing as provided in this Agreement, that is beyond the reasonable control of and not the fault of such Party, and that such Party has been unable to avoid or overcome by exercising due diligence, and may include, but is not limited to, acts of nature, war, riots, strikes, accidents, fire, and changes in law. Lessee hereby releases City from any and all liability, whether in contract or tort (including strict liability and negligence) for any loss, damage or injury of any nature whatsoever sustained by Lessee, its employees, agents or invitees during the Lease Term, including, but not limited to, loss, damage or injury to the aircraft or other personal property of Lessee that may be located or stored in the Leased Premises due to a force majeure event.

K. Governing Law and Venue. This Agreement has been made in and will be

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construed in accordance with the laws of the State of Utah. In any action initiated by one Party against the other, exclusive venue and jurisdiction will be in the appropriate state courts in and for Wasatch County, Utah.

L. Amendments and Waivers. No amendment to this Agreement shall be binding on City or Lessee unless reduced to writing and signed by both Parties.

M. Severability. If any provision of this Agreement is determined to be invalid, illegal, or unenforceable, the remaining provisions of this Agreement shall remain in full force and effect if both the economic and legal substance of the transactions that this Agreement contemplates are not affected in any manner materially adverse to any Party. If any provision of this Agreement is held invalid, illegal, or unenforceable, the Parties shall negotiate in good faith to modify this Agreement to fulfill as closely as possible the original intents and purposes of this Agreement.

N. Merger. This Agreement constitutes the final, complete, and exclusive agreement between the Parties on the matters contained in this Agreement. All prior and contemporaneous negotiations and agreements between the Parties on the matters contained in this Agreement are expressly merged into and superseded by this Agreement. In entering into this Agreement, neither Party has relied on any statement, representation, warranty, nor agreement of the other Party except for those expressly contained in this Agreement.

O. Relationship of Parties. This Agreement does not create any partnership, joint venture, employment, or agency relationship between the Parties. Nothing in this Agreement shall confer upon any other person or entity any right, benefit, or remedy of any nature.

P. Further Assurances. Each Party shall execute any document or take any action that may be necessary or desirable to consummate and make effective a performance that is required under this Agreement.

Q. Required Federal Clauses. Lessee and Lessee's Associates shall comply with all

Laws and Regulations, including all of the required federal clauses in this Section 9.18.

1. During the performance of this contract, the Lessee, for itself, its assignees, and successors in interest (hereinafter collectively referred to as the “Lessee”) agrees as follows:

a. Compliance with Regulations: The Lessee will comply with the Title VI List of Pertinent Nondiscrimination Acts and Authorities, as they may be amended from time to time, which are herein incorporated by reference and made a part of this Agreement.

b. Non-discrimination: The Lessee, with regard to the work performed by it or use of the Leased Premises during the Lease Term, will not discriminate on the grounds of race, color, or national origin in the selection and retention of contractors, including procurements of materials and leases of equipment. The Lessee will not participate directly or indirectly in the discrimination prohibited by the Nondiscrimination Acts and Authorities, including employment practices when the contract covers any activity, project, or program set forth in Appendix B of 49 CFR Part 21.

c. Solicitations for Contracts, Including Procurements of Materials and Equipment: In all solicitations, either by competitive bidding, or negotiation made by Lessee for work to be performed under a contract, including procurements of materials, or leases of equipment, each potential contractor or supplier will be notified by the Lessee of the Lessee’s obligations under this Agreement and the Nondiscrimination Acts And Authorities on the grounds of race, color, or national origin.

d. Information and Reports: The Lessee will provide all information and reports required by the Acts, the Regulations, and directives issued pursuant thereto and will permit access to its books, records, accounts, other sources of information, and its facilities as may be determined by the sponsor or the Federal Aviation Administration to be pertinent to ascertain compliance with such Nondiscrimination Acts and Authorities and instructions. Where

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any information required of Lessee is in the exclusive possession of another who fails or refuses to furnish the information, Lessee will so certify to City or the Federal Aviation Administration, as appropriate, and will set forth what efforts it has made to obtain the information.

e. Sanctions for Noncompliance: In the event of Lessee's noncompliance with the Non-discrimination provisions of this contract, City will impose such sanctions as it or the Federal Aviation Administration may determine to be appropriate, including, but not limited to cancelling, terminating, or suspending the Lease, in whole or in part.

f. Incorporation of Provisions: The Lessee will include the provisions of paragraphs a. through f. of this Article XXVIII Section Q.1. in every contract, including procurements of materials and leases of equipment, unless exempt by the Acts, the Regulations and directives issued pursuant thereto. The Lessee will take action with respect to any contract or procurement as City or the Federal Aviation Administration may direct as a means of enforcing such provisions including sanctions for noncompliance. Provided, that if the Lessee becomes involved in, or is threatened with litigation by a contractor, or supplier because of such direction, the Lessee may request City to enter into any litigation to protect the interests of City. In addition, the Lessee may request the United States to enter into the litigation to protect the interests of the United States.

2. Lessee for itself, its heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that in the event facilities are constructed, maintained, or otherwise operated on the Leased Premises for a purpose for which a Federal Aviation Administration activity, facility, or program is extended or for another purpose involving the provision of similar services or benefits, the Lessee will maintain and operate such facilities and services in compliance with all requirements imposed by the Nondiscrimination Acts and Regulations listed in the Pertinent List of Nondiscrimination Authorities (as may be amended) such that no person

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on the grounds of race, creed, color, or national origin, sex, age or disability will be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities.

3. Lessee for itself, its heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that (1) no person on the ground of race, color, or national origin, will be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (2) that in the construction of any improvements on, over, or under such land, and the furnishing of services thereon, no person on the ground of race, color, or national origin, will be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination, and (3) that the Lessee will use the Leased Premises in compliance with all other requirements imposed by or pursuant to the List of discrimination Acts And Authorities.

4. During the performance of this contract, the Lessee, for itself, its assignees, and successors in interest (hereinafter referred to as the “contractor”) agrees to comply with the following non-discrimination statutes and authorities; including but not limited to:

a. Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d et seq., 78 stat. 252), (prohibits discrimination on the basis of race, color, national origin);

b. 49 CFR Part 21 (Non-discrimination In Federally-Assisted Programs of The Department of Transportation—Effectuation of Title VI of The Civil Rights Act of 1964);

c. The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, (42 U.S.C. § 4601), (prohibits unfair treatment of persons displaced or whose property has been acquired because of Federal or Federal aid programs and projects);

d. Section 504 of the Rehabilitation Act of 1973, (29 U.S.C. § 794 et

seq.), as amended, (prohibits discrimination on the basis of disability); and 49 CFR Part 27;

e. The Age Discrimination Act of 1975, as amended, (42 U.S.C. § 6101 et seq.), (prohibits discrimination on the basis of age);

f. Airport and Airway Improvement Act of 1982, (49 USC § 471, Section 47123), as amended, (prohibits discrimination based on race, creed, color, national origin, or sex);

g. The Civil Rights Restoration Act of 1987, (PL 100-209), (Broadened the scope, coverage and applicability of Title VI of the Civil Rights Act of 1964, The Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973, by expanding the definition of the terms “programs or activities” to include all of the programs or activities of the Federal-aid recipients, sub recipients and contractors, whether such programs or activities are Federally funded or not);

h. Titles II and III of the Americans with Disabilities Act of 1990, which prohibit discrimination on the basis of disability in the operation of public entities, public and private transportation systems, places of public accommodation, and certain testing entities (42 U.S.C. §§ 12131 – 12189) as implemented by Department of Transportation regulations at 49 CFR Parts 37 and 38;

i. The Federal Aviation Administration’s Non-discrimination statute (49 U.S.C. § 47123) (prohibits discrimination on the basis of race, color, national origin, and sex);

j. Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations, which ensures nondiscrimination against minority populations by discouraging programs, policies, and activities with disproportionately high and adverse human health or environmental effects on minority and low-income populations;

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k. Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, and resulting agency guidance, national origin discrimination includes discrimination because of limited English proficiency (LEP). To ensure compliance with Title VI, you must take reasonable steps to ensure that LEP persons have meaningful access to your programs (70 Fed. Reg. at 74087 to 74100); and

l. Title IX of the Education Amendments of 1972, as amended, which prohibits you from discriminating because of sex in education programs or activities (20 U.S.C. 1681 et seq).

5. The Lessee and its transferee agree to comply with pertinent statutes, Executive Orders and such rules as are promulgated to ensure that no person shall, on the grounds of race, creed, color, national origin, sex, age, or disability be excluded from participating in any activity conducted with or benefiting from federal assistance. This provision obligates the Lessee or its sub lessee for the period during which federal assistance is extended to the Airport through the Airport Improvement Program. In cases where federal assistance provides, or is in the form of personal property; real property or interest therein; structures or improvements thereon, this provision obligates the Party or any transferee for the longer of the following periods: (i) the period during which the property is used by the airport sponsor or any transferee for a purpose for which federal assistance is extended, or for another purpose involving the provision of similar services or benefits; or (ii) the period during which the airport sponsor or any transferee retains ownership or possession of the property.

6. In the event of breach of any of the above nondiscrimination covenants, City will have the right to terminate the Lease and to enter, re-enter, and repossess said lands and facilities thereon, and hold the same as if the Lease had never been made or issued.

7. This Lease incorporates by reference the provisions of 29 CFR Part 201, the Federal Fair Labor Standards Act (FLSA), with the same force and effect as if given in full

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text. The FLSA sets minimum wage, overtime pay, recordkeeping, and child labor standards for full and part time workers. The Lessee has full responsibility to monitor compliance to the referenced statute or regulation. The Lessee must address any claims or disputes that arise from this requirement directly with the U.S. Department of Labor – Wage and Hour Division.

8. This Lease incorporates by reference the requirements of 29 CFR Part 1910 with the same force and effect as if given in full text. Lessee must provide a work environment that is free from recognized hazards that may cause death or serious physical harm to the employee. The Lessee retains full responsibility to monitor its compliance and any sub lessee’s compliance with the applicable requirements of the Occupational Safety and Health Act of 1970 (20 CFR Part 1910). Lessee must address any claims or disputes that pertain to a referenced requirement directly with the U.S. Department of Labor – Occupational Safety and Health Administration.

9. Lessee agrees that it shall insert the above eight provisions (Section 9.18(A) through Section 9.18(H)) in any agreement by which said Lessee grants a right or privilege to any person, firm, or corporation to render accommodations and/or services to the public on the Leased Premises herein leased or owned.

10. It is hereby specifically understood and agreed that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right to provide aeronautical services to the public as prohibited by the Grant Assurances, and City reserves the right to grant to others the privilege and right of conducting any one or all activities of an aeronautical nature. (Grant Assurance 23)

11. City reserves the right to further develop or improve the landing area of the Airport as it sees fit, regardless of the desires or view of Lessee, and without interference or hindrance. (FAA Order 5190.6B)

12. City reserves the right, but shall not be obligated to Lessee, to maintain

and keep in repair the landing area of the Airport and all publicly-owned facilities of the Airport, together with the right to direct and control all activities of Lessee in this regard. (FAA Order 5190.6B)

13. This Agreement shall be subordinate to the provisions of and requirements of any existing or future agreement between City and the United States, relative to the development, operation, or maintenance of the Airport. (FAA Order 5190.6B)

14. Lessee agrees to comply with the notification and review requirements covered in Part 77 of the Federal Aviation Regulations in the event any future structure or building is planned for the Leased Premises, or in the event of any planned modification or alteration of any present or future building or structure situated on the Leased Premises. (FAA Order 5190.6B)

15. It is clearly understood by Lessee that no right or privilege has been granted which would operate to prevent any person, firm, or corporation operating aircraft on the Airport from performing any services on its own aircraft with its own regular employees (including but not limited to, maintenance and repair) that it may choose to perform. (Grant Assurance 22(f))

R. Heber City Ordinances. Lessee hereby acknowledges the applicability of the Heber City Municipal Ordinances to this Agreement. Lessee hereby acknowledges notice of the terms, conditions and requirements presently contained therein and agrees, so far as said ordinance applies to persons such as Lessee herein, to comply with such ordinances as now in effect or as it may be amended during the term of this Lease or any renewal. Specifically, the terms and conditions of Title 15 as currently existing or as may be amended are incorporated herein by reference and made part hereof as though written herein.

XXVIII. SUCCESSORS IN INTEREST.

The covenants herein contained shall, subject to the provisions as to assignment,

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apply to and bind the heirs, successors, executors, administrators and assigns of all the parties hereto; and all of the parties shall be jointly and severally liable hereunder.

XXIX. NONEXCLUSIVE RIGHTS.

It is understood and agreed that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right within the meaning of Section 1349, of the United States code.

XXX. WAIVER OF RIGHTS

The failure of the City to insist upon strict enforcement of any of the terms, conditions and covenants herein shall not be deemed a waiver of any rights or remedies that the City may have and shall not be deemed a waiver of any subsequent breach or default by Lessee of the terms, conditions and covenants herein contained.

XXXI. HOLDOVER.

A. If Lessee retains all or any portion of the Leased Premises after the termination of the Initial or Extended Lease Term(s) by lapse of time or otherwise, such holding over shall constitute the creation of a tenancy at will with respect to such retained portion at a rental rate of one and one-half (1.5) times the price per square foot paid under this agreement. The City may terminate the tenancy at will at any time by providing thirty (30) days prior written notice to Lessee. All provisions of this Agreement shall remain in full force and effect during such holdover period.

B. Upon the termination of the tenancy at will, Lessee shall have the right to remove any improvements on the premises. Upon removal of the improvements, Lessee shall restore the land to as good a condition as it was prior to the erection of any improvements thereon within sixty (60) days after termination of the tenancy at will. Lessee hereby consents and agrees that any improvements remaining on the premises after the sixty (60) day removal period shall at the option of the City be deemed abandoned and owned by the City without any claim or right

whatsoever by Lessee.

XXXII. **TIME.**

Time is of the essence of this Lease.

LEASE SIGNATURE PAGE FOLLOWS]

Signature Page to Lease Agreement

IN WITNESS WHEREOF, the parties hereto have caused these presents to be duly executed, with all the formalities required by law on the respective dates set forth opposite their signatures to be effective the day and year first above written.

HEBER CITY, a Municipal Corporation

APPROVED:

LESSEE:

Mayor

By:_____

Date

Date

ATTEST:

City Recorder

Date

APPROVED AS TO FORM:

Airport Manager

Date